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Group of Experts on Multimodal Transport
Geneva, 9 March 1992
Agenda item 7

DRAFT REPORT OF THE GROUP OF EXPERTS ON MULTIMODAL TRANSPORT

which met at the Palais des Nations, Geneva,
from 9 to 13 March 1992

Rapporteur: Mr. Eric Bubeer (Australia)

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Chapter III

DRAFT FUTURE WORK PROGRAMME IN THE FIELDS OF MULTIMODAL TRANSPORT, CONTAINERIZATION AND TECHNOLOGICAL DEVELOPMENT

(Agenda item 5)

1. For its consideration of this item, the Group of Experts had before it the following documents:
 - "Suggestions for elements of a new programme of work for the Committee on Shipping in the fields of multimodal transport, containerization and technological development" - note by the UNCTAD secretariat (TD/B/C.4/AC.11/7); and
 - "Inventory of existing mandates and new draft programme of work in the fields of multimodal transport and technological development" - report by the UNCTAD secretariat (TD/B/C.4/323).
2. The Group of Experts carried out its work mindful of the "winds of change" generated at the eighth session of the United Nations Conference on Trade and Development held shortly before in Cartagena. UNCTAD VIII had been held against a background of political and economic changes which were transforming the world order in a profound way and which had provided member States and participants with an unprecedented opportunity to lay the foundation for policies of co-operation aimed at promoting economic and social progress in all countries of the world.
3. In order to confront this challenge, UNCTAD VIII had decided to establish a new partnership for development which committed all member States to engage in a continuous and constructive dialogue inspired by the need to achieve a more efficient and equitable world economy.
4. The Group of Experts recognized the impact this new partnership would have on the development of multimodal transport, containerization and technological development, given the wide range of operational, institutional and commercial issues involved in multimodal transport.
5. The Group noted that amongst many issues discussed at Cartagena, member States had recognized the important contribution of the private sector in the development of competitive service industries. In particular, private corporations often facilitated job creation, human resource development, technology transfer, infrastructure development and expansion of export capacity and capabilities - all elements in the multimodal transport environment.
6. It was further noted by the Group that UNCTAD member States at Cartagena had agreed that developing countries should pursue policies to create the appropriate conditions for the development of their national service sectors and, in particular, producer services. Such policies, could include, *inter alia*, the following elements:
 - (a) Modernisation and expansion of necessary infrastructure, in particular of telecommunication and information services;
 - (b) Human resource development, including on- the-job training arrangements, and development of knowledge-intensive services;
 - (c) Measures to encourage investment and cross-border trade by firms in the services sector in order to contribute to objectives such as the transfer of technology, training, the strengthening of infrastructures, domestic capital formation, and access to information networks and distribution channels, as well as to make use of services from competitive domestic suppliers in developing countries; and
 - (d) The progressive liberalisation of the services sector and the formulation of strategies to improve domestic service capabilities and for internationally competitive services.

7. The Group considered these elements to be fundamental to the successful development of multi-modal transport services in the continuing quest for trading efficiency. Further, these elements encouraged the fostering of entrepreneurial initiatives focused on improving efficiency, competitiveness and the contribution of the public and private sectors. The Group noted that governmental actions might from time to time be necessary to complement the operation of markets inefficiencies.

8. The Group was mindful of the role of good management in the trading and transport sectors and of the fact that good management had several dimensions in that it encompassed governmental action to establish appropriate frameworks and rules of the game for the effective and proper functioning of markets and a healthy climate for economic activity. Good management also entailed the provision of the necessary physical and social infrastructure, the concern for the environment, the pursuit of sound macro-economic policies, the creation of a conducive policy environment, and the development of the human resources required to support economic activity and policies that respected efficiency in the use and allocation of resources. Further, good management required clear legal frameworks, rule setting and decision-making, as well as transparent processes for the sound management of resources. All of these "good management practices" were prerequisites for the effective development and use of multi-modal transport.

9. Finally, the Group recognized that attainment of trade efficiency in the future would rely heavily on the use of information technology in the areas of trade facilitation and Customs automation.

10. The Group noted that multimodal transport and containerization included many complex issues, requiring detailed analysis, examination and reflection, and it recalled that the Committee on Shipping had felt unable to deal with these issues because of their very technical nature.

11. Without a reallocation of resources within the UNCTAD secretariat, the Shipping Division would not be able to undertake much more than it already managed. Consequently, it would be necessary to rely not only on co-operation with the regional commissions, but also on regional or sub-regional institutions, as well as the international organizations, to supply part of the technical assistance required. The greatly expanded level of requests for assistance in the fields under consideration made this a matter of some concern.

Action by the Group of Experts

12. With these complex and profound issues in mind, the Group of Experts formulated a draft programme of work in the fields of multimodal transport, containerization and technological development. Taking into account the decision of UNCTAD VIII to suspend existing committees, including the Committee on Shipping, the Group agreed to submit the draft programme of work to the Secretary-General of UNCTAD for subsequent submission to the standing committee on services with a view to its consideration and adoption (for the text of the draft programme of work, see annex I).

Chapter IV

OTHER BUSINESS

(Agenda item 6)

13. On the question of dissemination of information on multimodal transport, containerization, and technological development, the Group found the secretariat's publication of the Multimodal Transport Newsletter very useful. Because of the rapidly evolving circumstances and specific nature of the subjects covered in the newsletter, the Group felt that a semi-annual publication of the Multimodal Transport Newsletter would be desirable. The Group suggested that the newsletter be included in the annual printing programme of UNCTAD, and it appealed to trade and transport specialists in multimodal transport, containerization and technological development to make contributions to the newsletter.

14. The Group also suggested that an informal network of organizations engaged in or representing the multimodal transport system, be established in all countries to allow the dissemination and collection of information on these issues.

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DRAFT REPORT OF THE GROUP OF EXPERTS ON MULTIMODAL TRANSPORT

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ANNEX

Paragraphs

Draft future work programme in the fields of multimodal transport, containerization
and technological development 1 - 14

UNITED NATIONS
DEPARTMENT OF
ECONOMIC AND
SOCIAL AFFAIRS
TRADE AND
COMMERCE
DEVELOPMENT

Annex

DRAFT FUTURE WORK PROGRAMME IN THE FIELDS OF MULTIMODAL TRANSPORT AND TECHNOLOGICAL DEVELOPMENT

1. The Group is convinced that multimodal transport and containerization are fundamental ingredients for the expansion of trade, which in itself is a key element in the elimination of poverty. With this in mind, and noting also the need for ecologically sound development policies, the Group asked the secretariat to assist with the identification of a relevant set of issues in the field of multimodal transport and containerization which will facilitate trade and transport up to the year 2000.
2. In identifying these relevant issues, the Group emphasized the need for the secretariat to embrace the "spirit of Cartagena" and then to ensure that the programme of work is implemented in a dynamic and progressive sequence supported by the necessary levels of policy analysis, conceptual innovation, research, and inputs from both governmental and non-governmental experts and actors.
3. The quality of outputs of the programme of work must be constantly evaluated so as to enable the secretariat clearly to identify the determinants of success. The Group of Experts recommended to the committee on services that it establish a list of priorities which will permit the secretariat to develop appropriate implementing strategies and timetables.

A. Involvement of both the private and public sectors

4. In order to encourage better co-operation in the national trade and transport fields, the public and private sectors should be encouraged jointly with the Government to establish national working groups which can discuss and thus understand the complex issues of the multimodal transport environment and recommend policy and operational measures to Governments and other concerned parties for consideration.

B. Substantive work by the UNCTAD secretariat

5. Substantive work by the UNCTAD secretariat in the field of multimodal transport, containerisation and technological development will focus on three areas: (a) monitoring of worldwide developments and preparation of periodical reports on such developments; (b) preparation of substantive reports; and, (c) technical assistance activities.
6. The Group of Experts therefore recommends the following programme of work for the committee on services:

1. Monitoring worldwide developments

(a) Structural changes in transport supply:

- (i) Development of new multimodal transport systems with potential global effects;
- (ii) Possible entry barriers to freight forwarders and multimodal transport operators from developing countries and countries undergoing the process of transition to

market economies wishing to enter the international transport market;

- (iii) Migration of multimodal transport into physical distribution or "total transport" chains;
 - (iv) Development of multimodal sea/air transport services;
 - (v) Developments in the container-leasing industry, including their effects on developing countries and countries undergoing the process of transition to market economies;
 - (vi) Development of new transport infrastructure with potential global effects (alternatives to the Panama Canal, new major transshipment ports, the advent of double-stack trains in countries other than those where they already exist, etc.);
 - (vii) Effects of increased competitiveness and liberalization policies on the transport sector of developing countries and countries undergoing the process of transition to market economies;
 - (viii) The changing requirements for shippers' councils in the context of the new economic environment in developing countries and countries undergoing the process of transition to market economies; and
 - (ix) Dissemination to other interested countries of experience amongst others, of developing countries and countries undergoing the process of transition to market economies at an already advanced stage of container block trains development.
- (b) *Structural changes in transport demand:*
- (i) Emerging transport and total distribution needs of infant industries in developing countries and countries undergoing the process of transition to market economies; and
 - (ii) Changes in economic systems and their impact on international trade flows and international transport needs.
- (c) *Changes in transport technology:*
- (i) Developments in EDP in the context of modern transport and the effects of the introduction of EDI development for "multimodal transport systems" relying on EDI and similarly advanced procedures;
 - (ii) Developments in containerization and related transport technology with potential impacts on countries' transport infrastructure and investment requirements, including maintenance and rehabilitation of those facilities and possible cost recovery schemes;
 - (iii) Developments in the field of standardization of containers through monitoring and participation in the work of ISO TC104.
- (d) 3.Changes in the institutional environment in developing countries and countries undergoing the process of transition to market economies:
- (i) Liberalization;
 - (ii) Privatization;
 - (iii) Transport legislation;
 - (iv) Management efficiency; and
 - (v) Success sharing.

2. Preparing substantive reports

These reports should concentrate on individual countries or regions.

(a) *On economic and commercial issues:*

- (i) Impact of multimodal transport systems and tariffs on trading opportunities in developing countries and countries undergoing the process of transition to market economies and including the need to encourage the creation of joint-venture multimodal transport operations;
- (ii) Feasibility of creating national or subregional container pools among multimodal transport operators in developing countries; and
- (iii) Evaluation of the impact of the introduction of ISO Series 9000 quality standards on the commercial and human resource of transport providers and users from developing countries and countries undergoing the process of transition to market economies.

(b) *On operational issues:*

- (i) Development of inland waterway transport operations in multimodal transport;
- (ii) Impact on the transport industry of developing countries and countries undergoing the process of transition to market economies of the introduction of EDI and the importance of EDIFACT for effective trade and transport, having due regard for the need to standardize procedures and documentation as the first step in the EDI process;
- (iii) Human-resource development management in the field of freight forwarding and multimodal transport, including aspects such as increased management awareness of the importance of manpower planning, selection, job placement and rotation, creation of external training structures, and establishment of a recognized professional grid system to promote mobility within the profession.

(c) *On legal issues related to the development of multimodal transport and technological development:*

- (i) Aspects to be considered in the harmonization and subregional co-ordination of the development of multimodal transport, including the need for the establishment of minimum standards for non-vessel-operating multimodal transport operators and freight forwarders in consultation with FIATA and other NVO-MTO organizations as appropriate;
- (ii) Introduction of guidelines and models for the harmonization and simplification of administrative and Customs procedures, taking into account the interest of much greater adherence to the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (2nd TIR Convention of 1975) as well as the Customs Convention on Containers (CCC); and
- (iii) Reference document (MT Handbook) for officials and practitioners, setting out the basic concepts of multimodal transport and the major issues to be tackled by the private and public sectors in the process of developing multimodal transport in a country.

C. Technical assistance activities

7. Under the heading of technical assistance activities, it is possible to distinguish three main elements in the programme of work: (a) the creation of awareness among governmental bodies, users and transport operators; (b) a programme of assistance in connection with the implementation of multimodal transport, containerisation, and technological development issues; and, (c) the implementation of the suggested actions, including actions to adjust the transport sector in countries moving towards market economies.

8. The technical assistance programme will play an important role in assisting decision-makers

from developing countries, and from countries in transition to market economies in two ways:

- (a) By providing and monitoring technical assistance and training in specific areas, such as those analysed by the Group of Experts, leading to the implementation of modern transport technology; and,
- (b) By creating awareness of multimodal transport issues, by preparing reference documents for decision makers on key issues, and by keeping decision-makers abreast of institutional and technological development which have been demonstrated to be propitious for the promotion of efficient multimodal transport services.

9. These two approaches to technical assistance are complementary, in that one concerns actions in the field whereas the other focuses on research and synthesis work to support decision-makers' consideration of these issues. They will collectively provide the secretariat with valuable inputs for use in the preparation of substantive reports.

10. The first approach to technical assistance (subparagraph 8 (a) above) will involve many technical assistance activities to be undertaken by the private sector in co-operation with governmental agencies. There will also be an opportunity for technical co-operation among developing countries; and additionally, there may, in certain circumstances, be a need to provide assistance to intergovernmental organizations and utilize the regional and subregional organizations from the private sector.

11. Without limiting the scope of field-oriented technical services to be provided by the secretariat, and mindful that in this changing world, technical assistance must be dynamic and relevant to the issues of the day, the secretariat will provide technical assistance covering:

- (a) Assistance with implementation of specific actions, such as:
 - (i) Advice on the organisation of awareness campaigns;
 - (ii) Advice to governmental bodies and the private sector on specific measures which will facilitate the introduction of multimodal transport, containerisation, and technological development in a country or subregion;
 - (iii) Advice on modifications to organisational structures for organisations which are to undertake multimodal transport operations; and
 - (iv) Advice on the creation of mixed public and private working groups.
- (b) Assistance with group-training activities.

12. The second approach (sub-paragraph 8 (b) above) will rely on the secretariat's substantive work. In particular, as a form of technical assistance, the secretariat will play a prime role in creating the necessary awareness of the possible enhancement of trading efficiency through the implementation of multimodal transport systems.

13. To this end the secretariat is required, in co-ordination with international organisations, both intergovernmental and non-governmental, as well as donor and recipient countries, to organise specific campaigns concerning the overall concept of multimodal transport and aimed at representatives from transport providers, users and governmental bodies, as described below:

- (a) Specific awareness campaigns for transport operators on the importance of their role, particularly in countries located along transit routes leading to land-locked countries and remote regions. These campaigns will propose improved organisation of modal/interface operations and increased use of modern technology (containerisation, computerisation and the use of EDI). They will also propose the creation of freight forwarders and MTOs to serve as official counterparts in all negotiations with governmental bodies and transport users on trade and transport issues;
- (b) Specific awareness campaigns for transport users and traders on how to benefit from the development of multimodal transport in their respective countries. These campaigns would include the need to adopt modern commercial practices (trade, banking, insurance) and to reach common positions when negotiating with governmental bodies and transport operators; and.

- (c) Specific awareness campaigns for governmental bodies on actions to be taken in order to create an efficient transport environment which facilitates the development of multimodal transport systems in their respective countries. These campaigns would consider, where appropriate, the necessity to create working groups with the participation of all the public and private parties concerned, including national associations of transport users and transport operators, which can discuss and thus understand the complex issues of the multimodal transport environment. These working groups must include technical sub-committees on facilitation, legislation and EDP/EDI in the trading and transport sectors.

The campaigns would emphasize the importance of revising existing national laws and regulations to promote maximum efficiency in and between all transport modes and interfaces. They would also cover such issues as Customs and banking procedures imposed on freight forwarders and NVO-MTOs, including the question of performance bonds and procedures for the payment of import duties and taxes. Finally, the campaigns would stress the importance for governmental bodies to take international transport issues in consideration in the formulation of national (transport) development plans, particularly with respect to the planning of transport-related infrastructure developments.

14. Finally, the programme of work at the level of technical assistance will be closely coordinated with other United Nations Agencies and bodies, particularly the World Bank and the regional commissions, and with non-governmental organisations, in order to avoid any duplication of effort and take advantage of synergies.



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Letter of transmittal to the Secretary-General of UNCTAD

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UNITED NATIONS

Letter of transmittal to the Secretary-General of UNCTAD

Sir,

We have the honour to submit herewith our report of the Group of Experts on Multimodal Transport containing the elements of a future programme of work for UNCTAD in the field of multimodal transport and containerization wherever there is a sea link, elaborated by us in accordance with the mandate given by the Committee on Shipping.

The experts, who attended in their personal capacities, held their session at the Palais des Nations, Geneva, from 9 to 13 March 1992. The Group unanimously elected Mr. J. P. Bendoric as Chairman and Mr. E. Bubeer as Vice-Chairman-cum-Rapporteur.

The session was attended by experts designated by the Governments of: Argentina, Australia, Belgium, Bulgaria, China, Cuba, Denmark, Egypt, Germany, Ghana, India, Lebanon, Mexico, Nigeria, Norway, the Philippines, Poland, Russian Federation and the United States of America.

Representative of the following states attended as observers: Algeria, Argentina, Australia, Belgium, Canada, China, Democratic People's Republic of Korea, Ghana, India, Israel, Madagascar, Mexico, Morocco, Nigeria, Poland, Romania, Russian Federation, Spain, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland.

The Economic Commission for Africa, the Economic Commission for Europe, the Economic and Social Commission for Asia and Pacific, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Western Asia were represented at the meeting.

The following specialized and related agency was represented at the meeting: World Bank.

The following intergovernmental organizations were represented at the meeting: Board of the Cartagena Agreement, Ministerial Conference of West and Central African States on Maritime Transport, Organization of African Unity.

The following non-governmental organizations were represented at the meeting: General Category: International Chamber of Commerce, International Express Carriers Conference, International Organization for Standardization, Special Category: Council of European and Japanese National Shipowners Associations, European Shippers' Council, Federation of National Associations of Forwarding Agents of Latin America and the Caribbean, Institute of International Container Lessors, International Cargo Handling Co-ordination Associations, International Container Bureau, International Federation of Freight Forwarders Associations.

Representatives of the following also attended as observers: Arab Maritime Transport Academy, Italian State Road Administration.

Several representatives of the transport industry were also invited to participate in the meeting as observers.

In accordance with our mandate, and on the basis of documents prepared by the secretariat, we examined recent developments in the field of multimodal transport and containerization as well as the main problems experienced by users and providers of these services. Bearing in mind in particular the needs of developing countries and countries with economies in transition to a market economy, we have prepared our proposals on a future programme of work on the assumption that it should reflect the dynamic nature of the industry, the emerging trends and the major policy issues in this field. It reflects a new spirit of partnership in the economic relations between countries, and the intention is to narrow the gap between the developed and other countries in this specific

field, in particular in relation to the establishment of integrated logistic services, electronic data interchange and the question of larger-than-current ISO standard containers.

We consider that multimodal transport service issues, because of their complexity and long-standing bearing on trade and development, should be entrusted for detailed analysis, examination, in-depth exploration and identification of possible areas of convergence to an appropriate forum established in line with the decisions of UNCTAD VIII. Taking into account that the subjects to be discussed are precisely defined, we therefore respectfully request you to consider the question of the establishment of such a forum.

We respectfully request you to distribute this report to all States members of UNCTAD and to submit it to the Trade and Development Board at its next session with a view to enabling the Board to decide on its future work programme in the field of multimodal transport, containerization and technological development.

Respectfully yours,